

ILLINOIS-AMERICAN WATER COMPANY
RESPONSE TO ILLINOIS COMMERCE COMMISSION
DATA REQUEST NUMBER 1

Requested of Company Representative: Fred L. Ruckman
Witness Responsible: Fred L. Ruckman
Title: Vice President & Treasurer
Phone No.: 618-239-2224
Date Received: May 1, 2000
Docket No.: 00-0306

REQUEST What are the projected interest rates that would currently be applicable for short-term and long-term loans from AWWFC to Illinois-American Water Company under the proposed Agreement? Please indicate whether each interest rate is higher or lower than that currently available to Illinois-American Water Company for short-term borrowings from banks and long-term debt issues through private placements.

RESPONSE Short-term Loans - The projected interest rate that would currently be applicable for short-term loans from AWWFC to I-AWC under the proposed agreement is based on a spread (basis points or bps) over the 30-day LIBOR rate, which is currently 6.46%. The projected spread under the agreement is 10 to 15 bps, which yields an estimated interest rate of 6.56% to 6.61%. This interest rate is lower than that currently available to I-AWC for short-term borrowings from banks.

Long-term Loans - The projected interest rate that would currently be applicable for long-term loans from AWWFC to I-AWC under the proposed agreement would depend on the duration of the loan. In general, the interest rate would be approximately 170 bps over the rate for U.S. Treasury securities. For example, the current interest rate for the 10-year U.S. Treasury security is 6.49%. Thus, current long-term interest rates under the proposed agreement would be 8.19%. This interest rate is lower than that currently available to I-AWC for long-term debt issues through private placements.

OFFICIAL FILE

ILL. C. C. DOCKET NO. 00-0306

I-AWC Exhibit No. 2.0

Witness

Date

5/11/00

Reporter

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ILLINOIS-AMERICAN WATER COMPANY
RESPONSE TO ILLINOIS COMMERCE COMMISSION
DATA REQUEST NUMBER 2

Requested of Company Representative:	<u>Fred L. Ruckman</u>
Witness Responsible:	<u>Fred L. Ruckman</u>
Title:	<u>Vice President & Treasurer</u>
Phone No.:	<u>618-239-2224</u>
Date Received:	<u>May 1, 2000</u>
Docket No.:	<u>00-0306</u>

REQUEST What is the projected interest rate that would currently be applicable to the cash surplus of Illinois-American Water Company that is treated as a "loan" to AWWFC under the proposed Agreement? Please indicate whether the projected interest rate is higher or lower than the interest on excess cash balances that Illinois-American Water Company would otherwise be able to receive on bank deposits and other available short-term investment options.

RESPONSE The projected interest rate that would currently be applicable to the cash surplus of I-AWC that is treated as a "loan" to AWWFC under the proposed Agreement is 6.56% to 6.61%. The projected interest rate is higher than the interest on excess cash balances that I-AWC would otherwise be able to receive on bank deposits and other available short-term investment options.

ILLINOIS-AMERICAN WATER COMPANY

RESPONSE TO ILLINOIS COMMERCE COMMISSION

DATA REQUEST NUMBER 3

Requested of Company Representative:	<u>Fred L. Ruckman</u>
Witness Responsible:	<u>Fred L. Ruckman</u>
Title:	<u>Vice President & Treasurer</u>
Phone No.:	<u>618-239-2224</u>
Date Received:	<u>May 1, 2000</u>
Docket No.:	<u>00-0306</u>

REQUEST Under the proposed Cash Management Services Program, will the "sweep" of Illinois-American Water Company's operating cash surpluses of Illinois-American Water Company be optional or mandatory? Will Illinois-American Water Company be allowed to determine the amount of operating cash surpluses to be "swept"?

RESPONSE The "sweep" of I-AWC's operating cash surpluses will be optional. I-AWC will be allowed to determine the amount of operating cash surpluses to be "swept".

ILLINOIS-AMERICAN WATER COMPANY

RESPONSE TO ILLINOIS COMMERCE COMMISSION

DATA REQUEST NUMBER 4

Requested of Company Representative:	<u>Fred L. Ruckman</u>
Witness Responsible:	<u>Fred L. Ruckman</u>
Title:	<u>Vice President & Treasurer</u>
Phone No.:	<u>618-239-2224</u>
Date Received:	<u>May 1, 2000</u>
Docket No.:	<u>00-0306</u>

REQUEST Under the Agreement, what is the projected interest rate that would be currently applicable for short-term loans to Illinois-American Water Company of excess cash that AWWFC has obtained through daily cash sweeps.

RESPONSE The projected interest rate under the Agreement that would be currently applicable for short-term loans to I-AWC of excess cash that AWWFC has obtained through daily cash sweeps is 6.56% to 6.61%.